

Instr: 201103180010685 03/18/2011
P: 1 of 10 F: \$112.00
Rick Campbell 8:53AM LEAS
Stark County Recorder T20110008104

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 16 day of March,
2011 by and between Joel W Snyder & Vanessa L Snyder (H&W)
2223 Paris Ave NE
Paris, Ohio 44669; Phone [REDACTED]

hereinafter called the Lessor, and **D&L Energy, Inc., 2761 Salt Springs Rd.,
Youngstown, Ohio 44509**, hereinafter called the Lessee,

WITNESSETH:

1. That the Lessor, for and in consideration of one dollar (\$1.00) and other valuable consideration in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purpose of drilling, operation for, producing and removing oil and gas and all the constituents thereof, and of injecting air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata, (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of the Lessee,) and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of the source of such gas or the location of the wells, which right to transport gas from other lands across the leasehold premises shall survive the term of this lease for so long as the transportation of such gas may be desired by the Lessee, and of placing of tanks, equipment, roads and structures thereon to procure and operate for the said products, together with the right to enter into and upon the leased premises at all time for the aforesaid purposes, being all that certain tract of land situated in Paris

City/Township, Stark County, Commonwealth/State of Ohio

being District, Map, Parcel:, 4103514

containing 180.58 acres, more or less and bounded now or formerly by lands of:

North by lands of: Lanther/Rosenberger East by lands of: Hosmer/Wade

South by lands of: Multiple parcels West by lands of: Hildeeth

Sec: 4 & 5 Tn: 17 Rng: 6 & 7

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by the Lessee for a term of **TWO (2) YEARS** and so much longer thereafter as oil or gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of the Lessee, or as the premises shall be operated by the Lessee in the search for oil and gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within 12 months from the date hereof, a well shall be commenced on the premises, or unless the Lessee shall thereafter pay a delay rental of \$1.00 Dollars each year, payments to be made annually until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced. This lease shall not terminate for nonpayment of delay rentals unless the Lessor first gives Lessee thirty (30) days written notice by certified mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said thirty (30) day period.

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4. In consideration of the premises the Lessee covenants and agrees:

(A) To deliver to the credit of the Lessor in tanks or pipelines, as royalty, free of cost, the equal one-eighth (1/8) part of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is run into tanks or pipelines. Payment or royalty for oil marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee.

(B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds atmospheric pressure, at a standard base temperature of 60° Fahrenheit and stipulated flowing temperature of 60° Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation or compression paid by Lessee to deliver the gas for sale. Payment or royalty for gas marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee.

(C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.

Royalties not paid when due shall bear interest at the prime rate, plus five percent (5%) per annum.

Delinquency in Payment. If royalty is not paid by the date due, Lessor may give Lessee written notice of nonpayment of royalty, by certified mail, return receipt requested, and if Lessor's royalty is not paid on or before expiration of forty-five (45) days from Lessee's receipt of such notice, interest shall commence accruing on the due date and be payable by Lessee to Lessor on the delinquent balance at the rate of five percent (5%) per annum above prime interest rate. However, Lessee may avoid any interest obligation if prior to the expiration of such forty-five (45) days Lessor is furnished an attorney's written opinion citing a bona fide dispute or a good faith question of royalty entitlement (either as to ownership or as to amount). Lessee pays to Lessor the undisputed portion and Lessee pays the disputed royalty to an escrow account to be administered by, a trustee agreed to by both parties or by the American Arbitration Association, if such trustee cannot be found. If practical, such escrow funds shall be invested in interest-bearing accounts pending resolution of the entitlement issue, with the interest to follow the distribution of escrow.

5. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to **Same as above** at **Same as above** and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.

6. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within 180 days from the date of the completion of the plugging of such well, the Lessee shall commence another well, or unless the Lessee after the termination of said 180 day period resumes the payment of delay rental as hereinabove provided.

7. In the event a well drilled hereunder is a producing well and the Lessee is unable to market the production therefrom, or should production cease from a producing well drilled on the premises, or should the Lessee desire to shut in producing wells, the Lessee agrees to pay the Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, an advance royalty in the amount and under the terms hereinabove provided for delay rental until production is marketed and sold off the premises or such well is plugged and abandoned according to law. In the event no delay rentals are stated, the advance royalty payable hereunder shall be made on the basis of \$10.00 per acre per year.

8. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as the Lessee may elect.

9. The Lessor hereby grants to the Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than 640 acres, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but the Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the

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provisions and covenants of this lease to the same effect as if all the lands comprising said unit were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that the Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinbefore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. The Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to the Lessor at the address hereinabove set forth unless the Lessee is furnished with another address. If the well on said development unit shall thereafter be shut in, the well rental or shut-in royalty hereinbefore provided for such use shall be payable to the owners of the parcels of land comprising said unit in the proportion that the acreage of each parcel bears to the entire acreage consolidated. Lessee shall have the right to amend, alter or correct any such consolidation at any time in the same manner as herein provided.

10. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

11. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after notice to the Lessee by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of a duly certified copy thereof to the Lessee.

12. The Lessee shall have the right to assign and transfer the within lease in whole or in part, and Lessor waives notice of any assignment or transfer of the within lease. Failure of payment of rental or royalty on any part of this lease shall not void this lease as to any other part. Lessor agrees that when and if the within lease is assigned; the Lessee herein shall have no further obligations hereunder. The Lessor further grants to the Lessee, for the protection of the Lessee's interest hereunder, the right to pay and satisfy any claim or lien against the Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply on the payment of any existing liens on the premises.

13. The Lessee shall bury, when so requested by the Lessor, all pipelines used to conduct oil and gas to, on, through and off the premises and pay all damages to growing crops caused by operations under this lease. Lessee agrees to restore the premises in accordance with state laws within 45 days weather permitting. Any damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by the Lessor, one by the Lessee, and the third by the two so appointed, and the award of such three persons shall be final and conclusive and binding on all parties. Each party shall pay the cost of their appraiser and shall share the cost of the third appraiser. Arbitration shall be mandatory.

14. The Lessee shall have the privilege of using sufficient oil, gas, for operating on the premises and the right at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. The Lessee shall have the right to surrender this lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by returning the lease to the Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this lease any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion of all the premises indicated on said surrender, and the land rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered.

15. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure, including but not limited to acts of God, strikes, riots, and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until the Lessee can perform said act or acts and in no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

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16. In the event Lessor considers that Lessee has not complied with any of its obligations hereunder either express or implied. Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

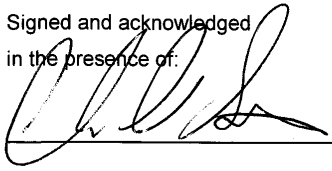
17. In consideration of the acceptance of this lease by the Lessee, the Lessor agrees for himself and his heirs, successors and assigns that no other lease for the minerals covered by this lease shall be granted by the Lessor during the term of this lease or any extension or renewal thereof granted to the Lessee herein.

18. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns. Lessee & Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them. Lessor further agrees to sign such additional documents as may be reasonably requested by Lessee to perfect Lessee's title to the oil and gas leased herein and such other documents relating to the sale of production as may be required by Lessee or others.

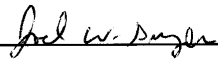
SEE ADDENDUM ATTACHED HERETO:

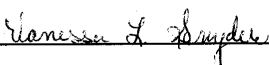
IN WITNESS WHEREOF the Lessors have hereunto set their hand(s),

Signed and acknowledged
in the presence of:



Signature(s) of Lessor





STATE/Commonwealth of Ohio _____:

:SS:

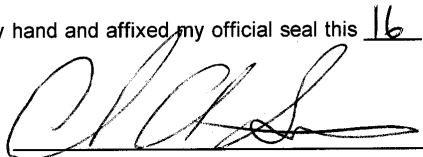
INDIVIDUAL

COUNTY OF Stark _____:

Before me a Notary Public in and for said county and state personally appeared the above named

Joel W. Snyder & Vanessa L. Snyder (H & W)
who acknowledged to me that he/she/they did execute the foregoing instrument and that the same is his/hers/their free act and deed for the purpose therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal this 16 day of March, 2011.



Notary Public

This instrument prepared by
D&L Energy, Inc.

2761 Salt Springs Road, Youngstown, OH 44509



Christopher A. Soenne
My Commission Expires
July 18, 2015

ADDENDUM OF OIL AND GAS LEASE

THIS ADDENDUM OF OIL AND GAS LEASE, dated this 16 day of

March, 2011, by and between Joel W. Snyder & VANESSA

L. Snyder (H & W)

of 1223 Paris Ave NE

Paris, Ohio 44669

hereinafter referred to as Lessor, and D&L Energy, Inc., an Ohio Corporation, of 2761 Salt Springs Rd, Youngstown, OH 44509, hereinafter referred to as Lessee, hereby agree as follows:

1. The Lessor may, at Lessor's sole risk and cost, lay a pipeline to any one gas well or the separator, whichever is closer, on the premises, and take gas produced from said well for domestic use in one (1) Building on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by the Lessee, and subject to any curtailments or shut-in by any purchaser of the gas. The first **300 MCF** of gas taken each year shall be free of cost, but all gas in excess of **300 MCF** of gas taken in each year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessor's expense. Lessor shall also, at the request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that the Lessor shall subscribe to and be bound by the reasonable rules and regulations of the Lessee relating to use of free gas, receipt of which is hereby acknowledged, and Lessor shall maintain the said pipeline, regulators and equipment in good repair and free of all gas leaks and operate the same so as not to cause waste or unnecessary leaks of gas. If the Lessor shall take excess gas as aforesaid in any year and fail to pay for the same, the Lessee may deduct payment for such excess gas from any rentals or royalties accruing to the Lessor hereunder. Lessor acknowledges that he has been advised as to the risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks whether same be caused by Lessor's lines or equipment, or whether same be caused by Lessee's equipment or well operation; and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from any claims of any nature whatsoever which may rise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises wherein someone other than the Lessor is entitled to take the gas under this paragraph, that the gas supply will be terminated by Lessee until the Buyer of the property executes an agreement regarding the usage of the gas in the same form as the within agreement. In the absence of such an agreement free gas under this provision shall terminate, the within right of free gas not being assignable without the consent of the Lessee. Lessor further agrees to adhere to rules and regulations relating to the use of free gas as outlined in the Domestic Gas Use Release.

2. Lessee agrees to pay Lessor the sum of **\$10,000.00 Dollars** as a spud fee, within ninety days (90) days of the execution of this lease, pending verification of clear title to the oil and gas rights.

3. In the event that more than one well is drilled on Lessor's property, Lessee agrees to pay Lessor the sum of **\$10,000.00 Dollars** as a spud fee per well payable five (5) days prior to drilling.

4. Lessee and Lessor agree that the one-eighth (1/8th) royalty payment provided for in this lease shall be of gross production and that there will be no deduction for any transportation, transfer, or compression fees.
5. Lessor shall have the right to approve well locations, roadways, pipelines, and tank battery locations; said approval shall not be unreasonably withheld.
6. Lessee agrees to indemnify and hold harmless the Lessor against any and all loss, claims, or suits (including costs and attorney's fees) for or on account of injury to or Death of persons, damage to or destruction of property belonging to Lessor or others, occurring by reason of the act of or neglect of the Lessee, its employees, its assigns, or agents (including subcontractors) in connection with the performance of this Lease Agreement.
7. The within lease shall cover from surface to one hundred (100) feet below the base of the Clinton & Medina Sandstone Formation. Lessor reserves the right to to lease to another Lessee to develop the Queenston shale and other deeper formations.
8. Lessee shall not unitize Lessor's property without prior written consent from the Lessor.
9. Lessee is not granted any right whatsoever to use the leasehold or any portion thereof, for underground gas, brine or oil storage purposes.
10. Any and all damages to Lessor's crops and/or Lessor's tenant's crops, caused by Lessee's operations, shall be paid for by Lessee based on the current market value in the area for whatever type of crops were disturbed. Lessor shall submit in writing to Lessee the area disturbed and the type of crops damaged.
11. Lessee shall maintain, at its expense, insurance necessary to cover its liabilities under or in relation to this Lease, including, without limitation, worker's compensation insurances required by law and comprehensive general liability insurance, including contractual liability insurance (with minimum single coverage limit of not less than Five Million Dollars (\$5,000,000.00) per occurrence), and all other insurance necessary to ensure its liability under or in relation to this Lease and the activities contemplated hereby.
12. Lessor has first right of refusal to buy any well located on the Lessor's property at the current salvage value, at such time that the well can no longer be produced commercially and Lessee has the right to remove any and all equipment that would not be used for domestic gas use.
13. Lessee agrees to remove any/all equipment within six (6) months from any well that is plugged or abandoned on premises.
14. Lessee cannot assign the lease without written consent except as to working interest's owners where the Lessee remains the Operator of the well. However, the Lessee shall notify the Lessor of any assignment. Any and all terms and conditions of this lease shall apply to any assignee of this lease.
15. Lessee agrees that all pipes and electric lines will be placed below a plow depth of thirtysix (36) inches. Said pipeline shall be no larger than four (4) inches in diameter. Any pipelines and/or electric lines that are placed under existing roads shall be at a depth to prevent damage by heavy tonnage truck traffic.
16. Lessee and Lessor agree that a separate right of way agreement must be negotiated for the installation of a pipe to transport gas on or under the leased premises from wells drilled on other lands.

17. Lessee shall not use leased premises for any pump station or compressor station or other buildings without prior written consent of the Lessor.

18. The Lessor has the right to view any and all logs, documents, or drilling reports associated with wells drilled on the leased premises. These documents will be available to the Lessor for viewing at the office of the Lessee.

19. Lessor shall have the right to heat one (1) dwelling plus one 30x32 garage/barn on leased premises up to (300) MCF per well.

20. Water Quality Lessee shall maintain the quality and quantity of Lessor's water supply to be measured by testing the supply prior to and at the completion of operations on the Leased Premises or on any land in the unit of which any of the Leased Premises is a part prior to and at the completion of operations and as deemed necessary by Lessor due to changes in flow or quality, including but not limited to color, smell or taste. Should Lessor's water supply be polluted or reduced, Lessee shall take any and all steps to restore water quality and quantity to its pre-existing condition. During the period of remediation, Lessee shall supply Lessor with an adequate supply of potable water consistent with Lessor's use of the damaged water supply prior to Lessee's operation. Any pollution or reduction of any water supply after any operations commence will be presumed to be the result of Lessee's operation unless Lessee can prove otherwise, with Lessee having the burden of proof by a preponderance of the evidence. Until Lessee can prove otherwise as to cause, Lessee shall provide the required replacement supply, beginning immediately upon Lessor's providing evidence to Lessee of the water quality and quantity condition causing concern. Testing of Lessor's water supply shall be conducted by an independent testing laboratory qualified to test water for the entire array of chemicals and agents utilized by Lessee in its operations. The burden shall be upon Lessee to provide evidence of all such chemicals and agents in order for the testing agent to adequately test the water. Lessee shall pay all costs of testing. Lessor shall be provided complete copies of any and all testing results and data, and shall have full rights to contact the testing lab for inquiry and information. The provisions of this section shall also apply to the natural spring on the Leased Premises.

21. If at the end of the primary term, a part but not all of the land covered by this lease, on a surface acreage basis, is not included within a unit or units accordance with the other provisions hereof, this lease shall terminate as to such part, or parts, of the land lying outside such unit or units. One well shall be drilled during the first year and one additional well during the second year.


22. Lessee agrees to fence around any pump jack stations that livestock may interfere with.

23. Upon termination of this Lease or any portion thereof, or upon expiration of this Lease, Lessee shall provide Lessor documentation in recordable form of such termination or expiration within thirty (30) calendar days after the date of termination or expiration. Should Lessee fail to provide such documentation, Lessee hereby grants to Lessor the right and authority, after thirty (30) days prior written notice delivered to Lessee by certified mail at the address shown on this lease, or such other address as has been subsequently provided by Lessee to Lessor, to file an affidavit on record reflecting such expiration or termination, which filing shall be binding upon Lessee.

24. Default

(a) Examples of Default. In addition to any incidents of default described throughout this Lease, the occurrence of any of the following shall be deemed a default:

(i) If any creditor of Lessee, its agents, and/or assigns, shall take any action to execute on, garnish or attach the assets of Lessee located upon the Leased Premises, or


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(ii) If a request or petition for liquidation, reorganization, adjustment of debts, arrangement, or similar relief under the bankruptcy, insolvency or similar laws of the United States or any state or territory thereof, or any foreign jurisdiction shall be filed by or against Lessee, or any formal or informal proceeding for the reorganization, dissolution or liquidation of settlement of claims against, or winding up of affairs of Lessee; or the garnishment, attachment, or taking by governmental authority of any collateral or other property of Lessee.

(b) Notice of Default or Breach of Lease. In the event Lessor considers that Lessee is in default under this Lease or that Lessee has not complied with its obligations hereunder, both express and implied, including the non-payment of royalty or rent, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee is in default or Lessee has breached this Lease. Lessee shall then have forty-five (45) days after date of receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor, or to correct any default. The service of said notice shall be precedent to the bringing of any claim or action by Lessor on this Lease for any cause, and no such action shall be brought until the lapse of forty-five (45) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches or the default shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder.

(c) Termination for Default. Upon the occurrence of the event of default, and after notice thereof and opportunity to cure as set forth above, the Lease shall be terminated and the Lessee shall become a tenant at will for the conduct of operations on the Leased Premises. If evicted, Lessee agrees to surrender possession of the Leased Premises, or of the portion of the Leased Premises included in such termination. If Lessee should fail to deliver documents reflecting termination or expiration of this Lease or if Lessee fails to surrender possession of the Leased Premises as required under this Lease, Lessor may institute proceedings necessary to clear title or to take possession, and in that event, in addition to all other relief that may be granted to Lessor, Lessor shall be entitled to recover against Lessee all attorney fees, investigation charges, court costs and expert fees thus expended by Lessor.

(d) Other Remedies. Upon default by Lessee, Lessor shall be entitled to exercise any and all remedies available at law, in equity or otherwise, each such remedy being considered cumulative. No single exercise of any remedy set forth herein shall be deemed an election to forego any other remedy.

25. Security Interest: Lessor hereby retains a security interest in (a) all of the oil and gas produced and saved from the Leased Premises or lands pooled therewith, under and pursuant to this Lease, and (b) all proceeds of sale of such oil and gas and all accounts arising therefrom (the "Collateral"), to secure Lessee's payment of royalties and compliance with the other terms and provisions of this Lease. In the event of default by Lessee, Lessor shall have the right to take possession of the Collateral, and to receive the proceeds attributable thereto and to hold same as security for Lessee's obligations or to apply it on the amounts owing to Lessor hereunder. The collateral includes oil, condensate, distillate, gas and natural gas liquids, including any hydrocarbon or non-hydrocarbon minerals or products that may be associated with oil or gas to be financed at the wellhead of the wells and accounts from the sale thereof. This Lease, or memorandum thereof, (which shall contain the provisions of this paragraph) when filed in the real property records where the Leased Premises are located, shall constitute a financing statement. Additionally, Lessee agrees to cooperate with any UCC-1 filing requested by the Lessor.

26. Title Issues:

A. Lessor's Representation Regarding Title to Leased Premises: Lessor makes no representation or warranty as to Lessor's title to the Leased Premises other than that Lessor warrants and represents that Lessor is not aware of any unrecorded encumbrances, or encroachments or conditions affecting title to the Leased Premises other than those that would be observed on a location survey. It shall be Lessee's burden and

obligation to assure itself of the quality of title to the Leased Premises. Upon this Lease taking effect (thus upon Lessor's receipt of the bonus payment), Lessee's obligations under this Lease shall not be diminished or affected by any title encumbrance on the Leased Premises, including but not limited to any mortgage or mineral lease of record that existed as of the date this Lease became effective.

B. Lessor Encumbrances After Lease Effective: Any mortgage, lease, easement, or other interest granted by Lessor voluntarily after this Lease becomes effective shall be subject to this Lease. In the event Lessor should become in default of any obligation of Lessor that is secured by any lien or encumbrance on the Leased Premises during the term of this Lease, Lessee may, at its option, pay and discharge any such obligation on behalf of Lessor after Lessee gives Lessor at least thirty (30) calendar days prior written notice of such intention to pay, and if, after Lessor's receipt of such notice, Lessor makes no arrangement otherwise to address the amount in default. Should Lessee make such payment on behalf of Lessor, or by any other lawful means, Lessee shall be entitled to recover from Lessor by deduction from any future payments to Lessor, with interest at Ohio's legal rate for judgments and Lessee's actual costs incurred.

C. Liens Against Lessee: In the event any lien or encumbrance is filed against the Leased Premises arising out of or pertaining to the operations by Lessee, Lessee shall within forty-five (45) calendar days following the date such lien or encumbrance is recorded cause such lien or encumbrance to be released from record, and Lessee shall provide Lessor written evidence of such release. Lessee's contention that the lien or encumbrance arises from a bona fide dispute shall not be grounds for Lessee's failure or refusal to remove the lien or encumbrance as required herein.

27. Liability Issues

A. Indemnity: Lessee agrees to defend, indemnify and hold harmless Lessor and Lessor's heirs, successors, representatives, agents and assigns ("Indemnitees"), from and against any and all claims, demands and causes of action for injury (including death) or damage to persons or property or fines or penalties, or environmental matters arising out of, incidental to or resulting from the operations of or for Lessee or Lessee's servants, agents, employees, guests, licenses, invitees or independent contractors, and from and against all costs and expenses incurred by Indemnitees by reason of any such claim or claims, including attorneys' fees; and each assignee of this Lease, or an interest therein, agrees to indemnify and hold harmless Indemnitees in the same manner provided above. Such indemnity shall apply to any claim arising out of operations conducted under or pursuant to this Lease, however caused. LESSEE'S OBLIGATION TO DEFEND AND INDEMNIFY INDEMNITEES SHALL APPLY WHETHER OR NOT INDEMNITEES MAY BE GUILTY OF ANY NEGLIGENT ACT OR OMISSION WHICH RESULTED IN OR CONTRIBUTED TO THE COST, EXPENSE OR LIABILITY AGAINST WHICH LESSEE IS OBLIGATED TO INDEMNIFY INDEMNITEES HEREUNDER, AND WHETHER OR NOT INDEMNITEES MAY BE SUBJECT TO SUCH LIABILITY BY STATUTE OR BY APPLICATION OF PRINCIPLES OF STRICT LIABILITY. The provisions of this paragraph shall survive the termination of this Lease.

B. Insurance

(a) A company licensed by the Ohio Department of Insurance to do business in the state shall underwrite all policies required by this Lease. Provided however, such insurance requirements may be met by a combination of self-insurance, primary and excess insurance policies.

(b) Lessee shall assure that Lessee and any person acting on Lessee's behalf under this Lease carry the following insurance with one or more insurance carriers at any and all times such party or person is on or about the Leased Premises or acting pursuant to this Lease, in such amounts as from time to time reasonably required by Lessor.

- (i) Workers Compensation and Employer's Liability Insurance;
 - (ii) Commercial General Liability and Umbrella Liability Insurance;
- (\$5,000,000.00 Minimum coverage)



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(iii) Business auto and Umbrella Liability Insurance; (\$5,000,000.00 Minimum coverage)

(iv) Environmental Liability; (\$5,000,000.00 Minimum coverage)

Within six (6) months of the five (5) year anniversary date of this Lease and each subsequent fifth (5th) anniversary, Lessor may request in writing and Lessee shall agree to institute new insurance amounts based on the original insurance amounts indexed to the Producers Price Index for All Commodities, issued for the anniversary month by the U.S. Department of Labor, Bureau of Labor Statistics. Should such index be discontinued and/or replaced, a conversion to a substitute or replacement index shall be accomplished using normally accepted conversion factors. Such adjusted amounts shall be rounded off to the nearest Thousand Dollar (\$1,000) amount. Failure of Lessor to request an adjustment for any five (5) year period shall not preclude a full adjustment at a subsequent five (5) year anniversary if requested. The Lessee shall cause Certificates of Insurance evidencing the above coverage to be provided promptly upon request to Lessor, or to such other representative of Lessor as Lessor may from time to time designate. The insurance policies required under this section, shall cover the Lessor as additional insureds with regard to the Leased Premises, and shall reflect that the insurer has waived any right of subrogation against the Lessor. Failure to comply with this Insurance section shall be basis of default and all operations on the Leased Premises shall cease immediately.

28. Due Diligence

If oil or gas is discovered on the Leased Premises, Lessee shall develop the Leased Premises as a reasonable and prudent operator and exercise due diligence in drilling such additional well or wells as may be necessary to fully develop the Leased Premises. Lessee shall protect the oil and gas in and under the Leased Premises from drainage by wells on adjoining or adjacent tracts or leases, including those held by Lessee or any affiliate of Lessee.

29. Lessee shall designate a person who will be a point of contact for Lessor. Lessee shall provide Lessor such person's name, address, telephone number, email address, and facsimile number. Such person shall be knowledgeable as to operations on the lease, and have sufficient authority from Lessee to reasonably respond and address Lessor concerns.

30. Condemnation

Any and all payments made by a Condemnor on account of a taking by eminent domain shall be the property of Lessor.

In the event that there is a conflict between the Oil and Gas Lease and the Oil and Gas Lease Addendum, the Oil and Gas Lease Addendum shall override the Oil and Gas

Lease.

WITNESS:

LESSOR:

This document was prepared by:
D&L Energy, Inc.
2761 Salt Springs Road
Youngstown, OH 44509